

LOUISIANA GENE THERAPY RESEARCH CONSORTIUM, INC.

**FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

June 30, 2008

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/21/09

CASCIO & SCHMIDT, LLC
Certified Public Accountants

LOUISIANA GENE THERAPY RESEARCH CONSORTIUM, INC.

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CASCIO & SCHMIDT, LLC

CERTIFIED PUBLIC ACCOUNTANTS

FRANCIS J. CASCIO, CPA
STEVEN A. SCHMIDT, CPA

MEMBERS
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA CERTIFIED
PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors
Louisiana Gene Therapy Research Consortium, Inc.

We have audited the accompanying statement of financial position of Louisiana Gene Therapy Research Consortium, Inc. (a non-profit corporation) as of June 30, 2008, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized information has been derived from the Consortium's 2007 financial statements and, in our report dated December 27, 2007, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Gene Therapy Research Consortium, Inc. as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2008, on our consideration of Louisiana Gene Therapy Research Consortium, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Louisiana Gene Therapy Research Consortium, Inc. taken as a whole. The accompanying combined statement of activities and the statement of expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Cascio & Schmidt, LLC

Metairie, Louisiana
December 23, 2008

LOUISIANA GENE THERAPY RESEARCH CONSORTIUM, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2008

ASSETS		MEMORANDUM ONLY June 30, 2007	
CURRENT ASSETS			
Cash (Note A4)	\$ 1,330,913	\$ 1,643,047	
Receivables (Notes A5 and B)	1,387,918	845,967	
Prepaid expenses	-	4,509	
Total current assets	2,718,831	2,493,523	
PROPERTY AND EQUIPMENT - at cost (Note A6)			
Lab scientific equipment	12,820,990	11,356,736	
Office furniture and equipment	168,560	164,734	
	12,989,550	11,521,470	
Less accumulated depreciation	(8,851,961)	(7,447,690)	
	4,137,589	4,073,780	
Construction in progress (Note D)	3,018,961	2,651,652	
	7,156,550	6,725,432	
OTHER ASSETS			
Deposits	3,394	3,394	
Total assets	\$ 9,878,775	\$ 9,222,349	
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable and accrued expenses	\$ 1,441,382	\$ 887,503	
Total current liabilities	1,441,382	887,503	
COMMITMENT - (Note E)			
	-	-	
NET ASSETS (Notes A2 and A3)			
Temporarily restricted	8,437,393	8,334,846	
Total liabilities and net assets	\$ 9,878,775	\$ 9,222,349	

The accompanying notes are an integral part of this statement.

LOUISIANA GENE THERAPY RESEARCH CONSORTIUM, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2008</u>	<u>TOTAL MEMORANDUM ONLY 2007</u>
REVENUE				
Grants (Note C)	\$ -	\$ 5,635,044	\$ 5,635,044	\$ 4,708,881
Interest income	-	47,431	47,431	42,562
Other income	-	30,137	30,137	-
Net assets released from restrictions	5,610,065	(5,610,065)	-	-
Total Revenue	<u>5,610,065</u>	<u>102,547</u>	<u>5,712,612</u>	<u>4,751,443</u>
EXPENSES				
Salaries	450,468		450,468	323,013
Benefits and payroll taxes	131,319		131,319	136,056
Professional services	224,814		224,814	572,943
Facility expense	52,516		52,516	54,673
Office expense	63,352		63,352	51,401
Marketing and PR expense	39,871		39,871	24,275
Travel	48,950		48,950	51,962
Business expense	28,506		28,506	35,964
Education program	92,789		92,789	88,235
Research expense	3,073,209		3,073,209	2,151,498
Depreciation	1,404,271		1,404,271	1,565,221
Total expenses	<u>5,610,065</u>	<u>-</u>	<u>5,610,065</u>	<u>5,055,241</u>
INCREASE (DECREASE) IN NET ASSETS	-	102,547	102,547	(303,798)
Net assets, beginning of year	-	8,334,846	8,334,846	8,638,644
Net assets, end of year	\$ <u>0</u>	\$ <u>8,437,393</u>	\$ <u>8,437,393</u>	\$ <u>8,334,846</u>

The accompanying notes are an integral part of this statement.

LOUISIANA GENE THERAPY RESEARCH CONSORTIUM, INC.

STATEMENT OF CASH FLOWS

Year Ended June 30, 2008

	<u>2008</u>	Memorandum only <u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Grant revenue	\$ 3,261,530	\$ 3,924,394
Interest income	47,431	42,562
Other	<u>30,137</u>	<u>-</u>
	3,339,098	3,966,956
Payments to employees, suppliers and research expenses	<u>(3,647,406)</u>	<u>(3,720,575)</u>
Net Cash Provided by (Used by) Operating Activities	(308,308)	246,381
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of equipment	(1,468,080)	(610,035)
Construction in progress	<u>(367,309)</u>	<u>(175,021)</u>
Net Cash Used in Investing Activities	(1,835,389)	(785,056)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital grants	<u>1,831,563</u>	<u>765,800</u>
Net Cash Provided by Financing Activities	<u>1,831,563</u>	<u>765,800</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(312,134)</u>	<u>227,125</u>
Cash and Cash Equivalents at Beginning of Year	1,643,047	1,415,922
Cash and Cash Equivalents at End of Year	\$ <u>1,330,913</u>	\$ <u>1,643,047</u>

The accompanying notes are an integral part of this statement.

LOUISIANA GENE THERAPY RESEARCH CONSORTIUM, INC.

STATEMENT OF CASH FLOWS - CONTINUED

Year Ended June 30, 2008

RECONCILIATION OF INCREASE (DECREASE) IN NET
ASSETS TO NET CASH PROVIDED BY (USED IN)
OPERATING ACTIVITIES

Memorandum
only
2007

Increase (Decrease) in net assets	\$ 102,547	\$ (303,798)
Adjustments to reconcile increase (decrease) in net assets provided by (used in) operating activities:		
Capital grant revenue	(1,831,563)	(765,800)
Depreciation	1,404,271	1,565,221
(Increase) decrease in operating assets:		
Accounts receivable	(541,951)	(18,687)
Prepaid expenses	4,509	-
(Decrease) in operating liabilities		
Accounts payable	553,879	(230,555)
Total adjustments	<u>(410,855)</u>	<u>550,179</u>
NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES	\$ <u>(308,308)</u>	\$ <u>246,381</u>

The accompanying notes are an integral part of this statement.

LOUISIANA GENE THERAPY RESEARCH CONSORTIUM, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE A - SUMMARY OF ACCOUNTING POLICIES

A summary of the Corporation's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

1. Nature of Activities

Louisiana Gene Therapy Research Consortium, Inc. was incorporated April 7, 1999, and began operations in the Fall of 2000. The Corporation is a not-for-profit organization that is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code.

The mission of the Louisiana Gene Therapy Research Consortium, Inc. is to enable economic development throughout Louisiana based on human, agricultural, and veterinary genetics and gene therapy by strengthening basic research capacity, engaging citizens in lifelong learning activities, and expanding opportunities for stable, sustainable business growth.

The Consortium supports, leverages, and expands gene therapy research through the State of Louisiana by creating a critical mass of scientists, laboratories, and equipment at the health science centers, both public and private.

In carrying out its mission, the Consortium has the following five objectives:

- Enhance and expand gene therapy research throughout Louisiana.
- Facilitate economic growth through commercialization of gene therapy innovations emerging from research institutions and through collaborations with industry.
- Provide career development, job training, and life-long learning opportunities in gene therapy, genetics, and life sciences.
- Disseminate information about the ethical, legal, and social implications of gene therapy research and development.
- Increase national and international visibility for the state, its academic institutions, and its economic development efforts.

2. Financial Statement Presentation

The Corporation's financial statements are presented in accordance with the requirements established by the Financial Accounting Standards Board (FASB) as set forth in the Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-For-Profit Organizations." Accordingly, the net assets of the Corporation are reported in each of the following classes: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets. There were no permanently restricted net assets during the year ended June 30, 2008.

3. Revenue Recognition

For financial reporting, the Corporation recognizes all contributed support as income in the period received. Contributed support is reported as unrestricted or restricted depending on the existence of donor stipulations that limit the use of the support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are classified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions.

Grant revenue is recognized as it is earned in accordance with approved contracts.

LOUISIANA GENE THERAPY RESEARCH CONSORTIUM, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2008

NOTE A - SUMMARY OF ACCOUNTING POLICIES - CONTINUED

4. Cash and Cash Equivalents

At June 30, 2008, the bank's recorded balance amounted to \$1,904,237, however, the Corporation's cash balance, after deducting outstanding checks, was \$1,330,913. The Corporation's agent pledges and holds securities in an amount sufficient to protect the Corporation's funds on a day to day basis.

For the purposes of the statement of cash flows, the Corporation considers all investments with original maturities of three months or less to be cash equivalents.

Generally accepted accounting principles require disclosure of fair value information about financial instruments for which it is practicable to estimate fair value, whether or not recognized in the statement of financial position. Cash and cash equivalents carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

5. Receivables

The corporation considers accounts receivable to be fully collectible since the balance consists of payments due under governmental grants. If amounts due become uncollectible, they will be charged to operations when that determination is made.

6. Property and Equipment

Louisiana Gene Therapy Research Consortium, Inc. follows the practice of capitalizing, at cost, all expenditures for property and equipment in excess of \$1,000. Depreciation is computed using the straight-line method over the useful lives of the assets, generally as follows:

Lab scientific equipment	7 years
Office and computer equipment	3 years
Furniture	7 years

Property and equipment acquired and construction in progress amounted to \$1,835,389 during the year ended June 30, 2008. Depreciation amounted to \$1,404,271.

7. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

8. Total Columns of Combined Statements - Overview

Total columns are captioned "Memorandum Only" to indicate that they are presented only to assist with financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

LOUISIANA GENE THERAPY RESEARCH CONSORTIUM, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2008

NOTE B - RECEIVABLES

**Memorandum
Only**

Receivables consist of the following:

	<u>2008</u>	<u>2007</u>
Grants		
Louisiana Department of Economic Development	\$ 1,246,359	\$ 785,901
Louisiana Cancer Research Center	130,359	60,066
Other	<u>11,200</u>	<u>-</u>
	<u>\$ 1,387,918</u>	<u>\$ 845,967</u>

NOTE C - GRANT REVENUE

**Memorandum
Only**

Grant revenue consists of the following:

	<u>2008</u>	<u>2007</u>
Louisiana Board of Regents (Operating grant)	\$ 3,066,214	\$ 3,066,214
Louisiana Department of Economic Development		
GMP Facility		
Operating grant	737,267	876,867
Capital grant	367,309	175,021
Capital - Research equipment	<u>1,464,254</u>	<u>590,779</u>
	<u>\$ 5,635,044</u>	<u>\$ 4,708,881</u>

NOTE D - CONSTRUCTION IN PROGRESS

Louisianan Gene Therapy Research Consortium, Inc. (LGTRC) has entered into a Cooperative Endeavor Agreement with the Louisiana Department of Economic Development, Office of Business Development to fund, and with New Orleans BioInnovation Center, Inc., to provide oversight and management of the demolition and site development of the Wirth Building, 1441 Canal Street, New Orleans, and an additional Cooperative Endeavor Agreement to construct the GMP Facility at the same site.

	<u>2008</u>	<u>Prior</u>	<u>Total</u>
Construction in Progress consists of the following:			
GMP Facility	\$ 367,309	\$ 853,037	\$ 1,220,346
Wirth Building Renovations	<u>-</u>	<u>1,798,615</u>	<u>1,798,615</u>
	<u>\$ 367,309</u>	<u>\$ 2,651,652</u>	<u>\$ 3,018,961</u>

LOUISIANA GENE THERAPY RESEARCH CONSORTIUM, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2008

NOTE E - COMMITMENT

The Corporation leases its administrative office under an operating lease expiring December 31, 2011. The future minimum rental payments are:

Year ending:	
June 30, 2009	\$ 41,928
June 30, 2010	41,928
June 30, 2011	41,928
June 30, 2012	<u>20,964</u>
	<u>\$ 146,748</u>

Louisiana Cancer Research Center of LSU Health Sciences Center in New Orleans/Tulane Health Sciences Center (Louisiana Cancer Research Center) share the administrative office. Louisiana Gene Therapy Research Consortium, Inc's share of the lease rental for the year ended June 30, 2008, amounted to \$50,457.

NOTE F - RETIREMENT PLANS

As of June 30, 2008, the Corporation maintained two contributory retirement plans for its eligible employees. The plans offer employees the choice of two investment company options, Teachers Insurance and Annuity Association (TIAA) and College Retirement Equities Fund (CREF). Participating employee and Corporate contributions are immediately vested. The Corporation contributed \$38,261 to the two plans. The employer contribution percentage remained unchanged from the prior year.

NOTE G - BOARD OF DIRECTORS' COMPENSATION

The Board of Directors is a voluntary board. Accordingly, no compensation was paid to any board member during the year ended June 30, 2008.

NOTE H - ECONOMIC DEPENDENCY

The Corporation received all of its revenue from funds provided through grants administered by the State of Louisiana during the year ended June 30, 2008. The grant amounts are appropriated periodically by the State of Louisiana. If significant budget cuts are made at the State level, the amount of the funds the organization receives could be reduced significantly and have an adverse impact on its operations. At the time of completion of the examination of the Corporation's financial statements, management was not aware of any actions taken that would adversely affect the amount of funds the organization will receive in the next fiscal year.

SUPPLEMENTAL INFORMATION

LOUISIANA GENE THERAPY RESEARCH CONSORTIUM, INC.

COMBINED STATEMENT OF ACTIVITIES

Year Ended June 30, 2008

	Central Administration	Program Research	GMP Facility	Property and Equipment	Total
REVENUE					
Grants					
Operating	\$ 494,820	\$ 2,571,394	\$ 737,267	\$ -	\$ 3,803,481
Capital	-	1,464,254	367,309	-	1,831,563
Interest income	47,431	-	-	-	47,431
Other	-	-	30,137	-	30,137
Total Revenue	<u>542,251</u>	<u>4,035,648</u>	<u>1,134,713</u>	<u>-</u>	<u>5,712,612</u>
EXPENSES					
Salaries	160,337	-	290,131	-	450,468
Benefits and payroll taxes	33,792	-	97,527	-	131,319
Professional services	42,911	-	181,903	-	224,814
Facility expense	14,374	-	38,142	-	52,516
Office expense	26,864	-	36,488	-	63,352
Marketing	425	-	39,446	-	39,871
Travel	7,415	-	41,535	-	48,950
Business expense	9,389	-	19,117	-	28,506
Education Program	92,789	-	-	-	92,789
Research expense	-	3,073,209	-	-	3,073,209
Depreciation expense	-	-	-	1,404,271	1,404,271
Total expenses	<u>388,296</u>	<u>3,073,209</u>	<u>744,289</u>	<u>1,404,271</u>	<u>5,610,065</u>
Increase (decrease) in net assets	153,955	962,439	390,424	(1,404,271)	102,547
Property and equipment capitalized:					
Lab scientific equipment	-	(1,464,254)	-	1,464,254	-
Construction in progress	-	-	(367,309)	367,309	-
Office equipment	(3,826)	-	-	3,826	-
Transfers to/from Central Administration	-	-	-	-	-
Net assets, beginning of year	<u>1,328,410</u>	<u>281,004</u>	<u>-</u>	<u>6,725,432</u>	<u>8,334,846</u>
Net assets, end of year	<u>\$ 1,478,539</u>	<u>\$ (220,811)</u>	<u>\$ 23,115</u>	<u>\$ 7,156,550</u>	<u>\$ 8,437,393</u>

LOUISIANA GENE THERAPY RESEARCH CONSORTIUM, INC.

STATEMENT OF EXPENSES

June 30, 2008

	<u>2008</u>	Memorandum Only <u>2007</u>
Salaries	\$ 450,468	\$ 323,013
Benefits and payroll taxes		
Health insurance	38,684	28,492
Life and disability expenses	4,501	2,512
Retirement benefits	38,261	28,828
Accrued leave	6,358	30,599
Payroll taxes	32,408	36,397
Parking	5,595	5,159
Dental insurance	1,380	1,531
Workers comp insurance	1,962	600
Payroll processing	2,170	1,938
	<u>131,319</u>	<u>136,056</u>
Professional Services		
Legal	79,024	7,809
Accounting	15,865	21,875
Procurement	36,000	36,000
Consultants	93,925	507,259
	<u>224,814</u>	<u>572,943</u>
Facility expense		
Lease and utilities	50,457	52,948
Insurance, property	2,059	1,725
	<u>52,516</u>	<u>54,673</u>
Office expense		
Office and computer supplies	33,605	3,270
Telephone and fax	11,634	17,773
Internet	4,082	9,745
Postage/Shipping	1,927	2,579
Printing	3,301	7,186
Administrative fees	80	442
Other	8,723	10,406
	<u>63,352</u>	<u>51,401</u>
Marketing and PR expense		
Sponsorships	-	500
Trade shows	12,834	15,320
Other	27,037	8,455
	<u>39,871</u>	<u>24,275</u>

LOUISIANA GENE THERAPY RESEARCH CONSORTIUM, INC.

STATEMENT OF EXPENSES - Continued

June 30, 2008

	<u>2008</u>	<u>Memorandum Only 2007</u>
Travel		
Mileage and parking	20	724
General travel	23,122	6,002
Conferences and conventions	25,808	44,952
Travel, other	-	284
	<u>48,950</u>	<u>51,962</u>
Business expenses		
General meetings/meals	9,064	5,513
Board meetings	1,501	1,170
Conferences and workshops	8	11,074
Staff recruiting	-	677
Membership dues	3,835	2,775
Subscriptions/Publications	10,071	9,931
Insurance, business	3,740	3,740
Business expense, other	287	1,084
	<u>28,506</u>	<u>35,964</u>
Program expense - Education		
Personnel	61,782	56,246
Other	31,007	31,989
	<u>92,789</u>	<u>88,235</u>
Research expense		
Personnel	1,836,074	1,360,509
Supplies	798,358	545,912
Professional services	60,198	31,740
Operating services	296,401	141,251
Travel and meetings	58,407	62,337
Other research expenses	23,771	9,749
	<u>3,073,209</u>	<u>2,151,498</u>
Depreciation expense	<u>1,404,271</u>	<u>1,565,221</u>
TOTAL EXPENSES	<u>\$ 5,610,065</u>	<u>\$ 5,055,241</u>

CASCIO & SCHMIDT, LLC

CERTIFIED PUBLIC ACCOUNTANTS

FRANCIS J. CASCIO, CPA
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PUBLIC ACCOUNTANTS

REPORTING ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Directors
Louisiana Board of Gene Therapy Research Consortium, Inc.

We have audited the financial statements of Louisiana Gene Therapy Research Consortium, Inc. (a non-profit corporation) as of and for the year ended June 30, 2008, and have issued our report thereon dated December 23, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Louisiana Gene Therapy Research Consortium, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Louisiana Gene Therapy Research Consortium, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Louisiana Gene Therapy Research Consortium, Inc.'s internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance

As part of obtaining reasonable assurance about whether Louisiana Gene Therapy Research Consortium, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, Board of Directors, Louisiana Legislative Auditor, federal, state and other awarding agencies, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Carriso + Schmitt, PLLC.

Metairie, Louisiana
December 23, 2008

LOUISIANA GENE THERAPY RESEARCH CONSORTIUM, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2008

AUDIT FINDINGS

There were no prior year or current year audit findings.

QUESTIONED COSTS

There were no questioned costs.

MANAGEMENT LETTER

A management letter was not issued for the year ended June 30, 2008.